

MICHIGAN DEPARTMENT OF STATE POLICE

Report on THE PRIVATIZATION OF DATA-ENTRY

Per PA 526 of 2002, Section 207

September, 2003

PA 526 of 2002, Section 207, states "At least 60 days before beginning any effort to privatize, the department shall submit a complete project plan to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies within 30 months."

The Michigan Department of State Police, Criminal Justice Information Center, submitted a complete project plan to privatize data-entry functions in January, 2000. The evaluation of that plan has been completed. This report details the criteria under which the privatization initiative has been evaluated.

Evaluation Criteria:

The three major criteria identified in the data-entry privatization plan were cost, accuracy, and turnaround time. The evaluation resulted in the following findings:

1. Cost:

- a) Overall cost savings were not as large due to technical issues that did not allow for all components of data-entry to be privatized.
- b) For the current fiscal year, a 15% cost savings has been realized per the original analysis.
- c) Internal audit time to verify the keying done by the private company has proven to be more extensive than originally considered.
- d) Privatization has allowed the budget necessary for keying to remain relatively constant; staffing reductions in force and cuts in overtime budgets have not impacted the program.

2. Accuracy:

- a) The vendor, at less than 1% error rate, met the quality assurance requirements.
- b) Accurate keying is critical since mistakes affect individuals; the keying is less accurate than in-house keying.
- c) In-house staff time was needed to verify/audit the work of the private vendor.

3. Turnaround Time:

- a) All data-entry was completed within the year-end guidelines given to the vendor.
- b) The vendor was able to improve the timeliness of data entry, but has not been able to meet our goal of a turnaround time of one week.

Conclusion:

The Michigan Department of State Police, Criminal Justice Information Center, has found both benefits and drawbacks from privatizing data-entry. The Department will continue to evaluate the outsourcing process on an annual basis. If further analysis shows that the most efficient option is to move the data-entry back in-house, the Department is prepared to do so.